Order 2003-10-22
Served: October 17, 2003

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 17th of October, 2003

Essential Air Service at **PAGE, ARIZONA** **MOAB, UTAH** **VERNAL, UTAH** Under 49 U.S.C. 41731 *et seq.*	**DOCKET OST-1997-2694** **DOCKET OST-1997-2827** **DOCKET OST-1997-2706**

ORDER SETTING FINAL RATES

Summary

By this order, we are setting final subsidy rates, retroactive to October 1, 2001, until further Department action, for Great Lakes Aviation, Ltd., for its provision of essential air service (EAS) for Page, Arizona, and Moab and Vernal, Utah.

Discussion

Subsidy Rates from October 1, 2001, through June 30, 2002

By Order 2001-3-20, we selected Great Lakes Aviation to provide EAS at Page, Arizona, and Moab and Vernal, Utah, for a one-year period from the inauguration of service, through June 30, 2002. That order established annual rates of $1,251,977 for Page, $971,444 for Moab, and $1,102,967 for Vernal.

As discussed in Order 2002-2-13, the Department authorized emergency EAS payments to subsidized carriers because of the losses suffered by them in the face of generally lower revenue and higher costs after the terrorist attacks of September 11, 2001, combined with the fact that EAS carriers are paid on a pre-agreed, fixed rate per flight. That order provided for immediate increases to the final rates then in place on an *ad hoc*, interim basis, along with authority to re-negotiate new final rates, retroactive to October 1, 2001, until the end of the carriers' selection terms, as provided in the order.[1]

[1] See Order 2002-2-13 for a complete discussion of the emergency relief.

For these three rates, we have made adjustments consistent with the framework established by Order 2002-2-13, namely, that we would make up for revenue reductions, to the extent that they fell below those forecast in the final subsidy rates in effect on September 11, and for cost increases directly attributable to the September 11 attacks, specifically insurance and security costs. Those calculations are shown in Appendices B, C and D. For the period from October 1, 2001, through June 30, 2002, the final annual subsidy rates are as follows: Page, $2,087,658; Moab, $1,215,305; and Vernal, $1,727,127.

Subsidy Rates from July 1, 2002, until further Department action

The rates set by Order 2001-3-20 expired on June 30, 2002, and so we extended them on an interim basis by Order 2002-7-20, effective July 1, 2002, until further Department action, subject to retroactive adjustment.

The carrier and staff have agreed to final annual subsidy rates of $2,095,460 for Page, $1,344,489 for Moab, and $1,756,167 for Vernal, effective July 1, 2002, until further Department action. (See Appendices B, C and D.) The rates are based on the same level of service selected by Order 2001-3-20.

Reduced Service at Page

Order 2001-3-20 selected Great Lakes to provide 24 round trips per week in the peak period and 12 in the off-peak period, each period consisting of 26 weeks. In view of the very high level of subsidy required at Page compared to other EAS communities and to the number of passengers using the service, we requested a two-round-trip-a-day proposal from Great Lakes. The staff and Great Lakes have agreed that, on an annual basis, it would require $1,379,535 for 12 round trips per week in the 26-week off-peak period, November through April, and $1,725,726 on an annual basis for the 26-week peak period, May through October.[2]

For the year ended June 30, 2003, Great Lakes transported 6,380 Page to Phoenix passengers and 1,559 Page to Denver passengers. The reduced frequency of two round trips per day in the off-peak with 19-seat aircraft will readily accommodate this level of traffic.

We will conclude the carrier selection at Page as quickly as possible, but in the meantime this reduced level of service appears to be appropriate. As is our normal practice, we will afford Great Lakes up to 60 days from the service date of this order to inaugurate the reduced service pattern.

The rates we are setting are based on Great Lakes' system average expenses and appear reasonable. By setting these final rates, both the carrier and the Department will have

[2] Great Lakes would be compensated for its services at the rate specified for each peak or off-peak period. This would result in an approximate total yearly compensation of $1,552,631.

certainty as to their ongoing subsidy receipts and obligations, respectively. We will continue to process the carrier-selection proceedings.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. The Department sets final subsidy rates for Great Lakes Aviation, Ltd., for the provision of essential air service at Page, Arizona, as described in Appendix B, to be payable as follows: for each calendar month during which essential air service is provided, the amounts of compensation shall be subject to weekly ceilings and shall be determined by multiplying the subsidy-eligible flights completed during the month to and from Phoenix by $1,137.69 for the period October 1, 2001, through June 30, 2002; and by $1,141.94 for the period July 1, 2002, until the rate set forth in ordering paragraph 2 below becomes effective,

2. The Department sets final subsidy rates for Great Lakes Aviation, Ltd., for the provision of essential air service at Page, Arizona, as described in Appendix B, to be payable as follows: for each calendar month during which essential air service is provided, the amounts of compensation shall be subject to weekly ceilings and shall be determined by multiplying the subsidy-eligible flights completed during the month to and from Phoenix by $1,127.99 in the off-peak season November through April, and by $940.45 in the peak season May through October; beginning on the date the carrier inaugurates its seasonal service pattern, until further Department action;

3. The Department sets final subsidy rates for Great Lakes Aviation, Ltd., for the provision of essential air service at Moab, Utah, as described in Appendix C, to be payable as follows: for each calendar month during which essential air service is provided, the amounts of compensation shall be subject to weekly ceilings and shall be determined by multiplying the subsidy-eligible flights completed during the month to and from Denver by $993.71 for the period October 1, 2001, through June 30, 2002, and by $1,099.34 for the period July 1, 2002, until further Department action;

4. The Department sets final subsidy rates for Great Lakes Aviation, Ltd., for the provision of essential air service at Vernal, Utah, as described in Appendix D, to be payable as follows: for each calendar month during which essential air service is provided, the amounts of compensation shall be subject to weekly ceilings and shall be determined by multiplying the subsidy-eligible flights completed during the month to and from Denver by $941.21 for the period October 31, 2001, through June 30, 2002, and by $957.04 for the period July 1, 2002, until further Department action;

5. We direct Great Lakes to retain all books, records, and other source and summary documentation to support claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination by representatives of the Department. Such documentation shall be retained for seven

representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed, whichever comes first. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

6. These dockets will remain open until further Department action; and

7. The Department will serve copies of this order on the mayors and airport managers of Page, Moab and Vernal, the Governors and Departments of Transportation of Arizona and Utah, and Great Lakes Aviation.

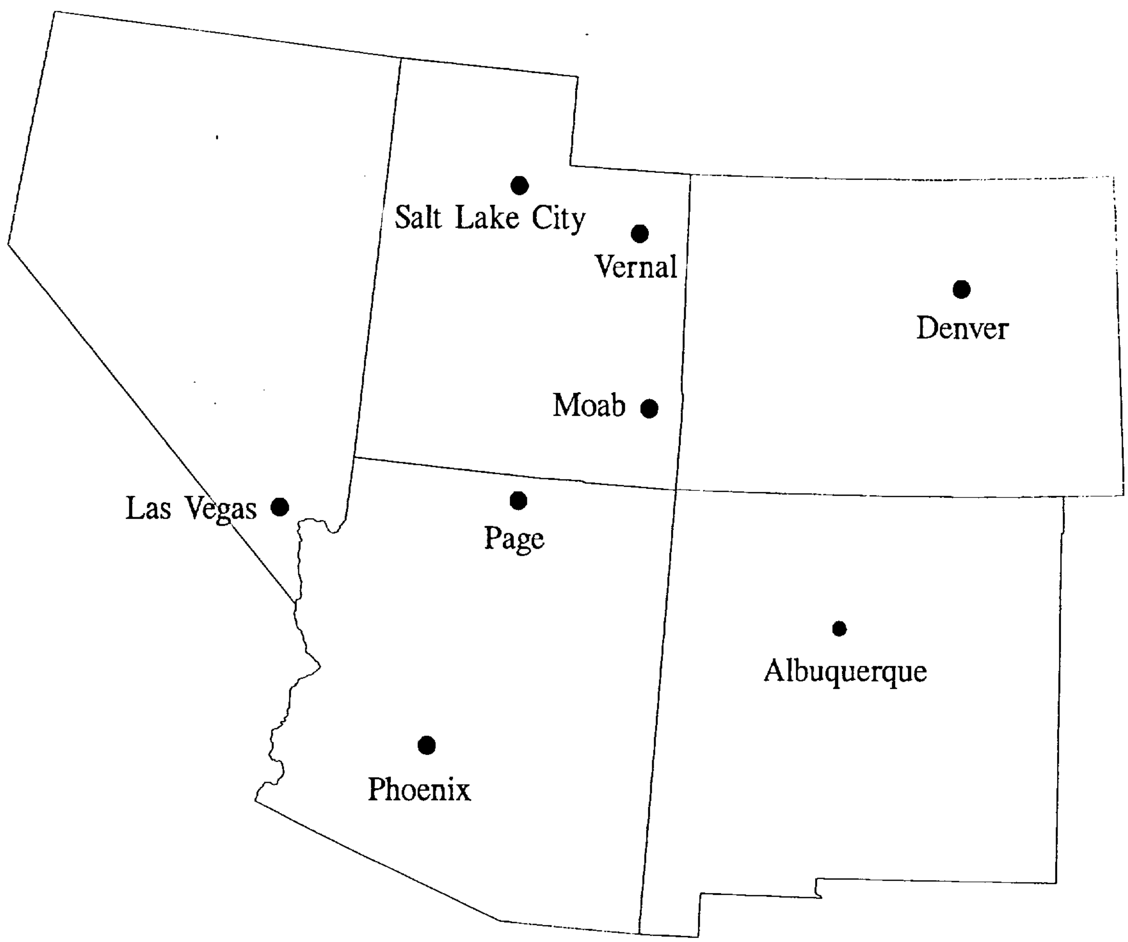
By:

MICHAEL W. REYNOLDS
Acting Assistant Secretary for Aviation
and International Affairs

(SEAL)

Appendix A

AREA MAP



Great Circle Miles

	Denver	Las Vegas	Phoenix	Salt Lake City
Moab	283	350	388	183
Page	420	215	243	268
Vernal	260	430	502	131

Great Lakes Aviation, Ltd.
Essential Air Service to be Provided to
Page, Arizona, Docket 2694

Effective Period: October 1, 2001, through June 30, 2002
Scheduled Service:
18 nonstop round trips per week to Phoenix
Aircraft: 19-seat Beech 1900D aircraft
Subsidy Rate per Flight: $1,137.69 [1]
Weekly Compensation Ceilings: $40,956.84 [2]

Note:
The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parities to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

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[1] $2,087,658 annual compensation, divided by 1,835 annual flights, calculated as follows:
36 flights/week*52 weeks*.98 completion.

[2] 36 flights per week x $1,137.69.

Great Lakes Aviation, Ltd.
Essential Air Service to be Provided to
Page, Arizona, Docket 2694

Effective Period: July 1, 2002, until the rate in Appendix B, page 3, becomes effective.
Scheduled Service:
18 nonstop round trips per week to Phoenix
Aircraft: 19-seat Beech 1900D aircraft
Subsidy Rate per Flight: $1,141.94 [1]
Weekly Compensation Ceilings: $41,109.84 [2]

Note:
The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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[1] $2,095,460 annual compensation, divided by 1,835 annual flights, calculated as follows:
36 flights/week*52 weeks*.98 completion

[2] 36 flights per week x $1,141.94.

Great Lakes Aviation, Ltd.
Essential Air Service to be Provided to
Page, Arizona, Docket 2694

Effective Period: The lower level of subsidy will begin when the carrier inaugurates the new service pattern, but no later than 60 days after the issuance of this order, whichever occurs first.

Scheduled Service:
All service is to be operated on a nonstop basis to Phoenix. Great Lakes will provide 12 round trips per week in the 26-week off-peak (November-April), and 18 round trips per week in the 26-week peak (May-October).

Aircraft: 19-seat Beech 1900D aircraft

	Off-Peak	Peak
Subsidy Rate per Flight:	$1,127.99 [1]	$940.45[2]
Weekly Compensation Ceilings:	$27,071.76 [3]	$33,856.20[4]

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parities to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

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1 $1,379,535 annual compensation, divided by 1,223 annual flights, calculated as follows: 24 flights/week*52 weeks*.98 completion.

2 $1,725,726 annual compensation, divided by 1,835 annual flights, calculated as follows: 36 flights/week*52 weeks*.98 completion.

3 24 flights per week x $1,127.99.

4 36 flights per week x $940.45.

Great Lakes Aviation, Inc., Essential Air Service at Page, Arizona, Docket 2694, Annual Basis

				12/1/03 Until Further Notice	
	Order 2001-3-20	9-11 Adjusted	Intermediate	2rt PHX-PGA	3rt PHX-PGA
To be Effective:	6/7/01-6/30/02	10/1/01-6/30/02	7/1/02-11/30/03	FDA--	FDA--
Total Deps.	2,564	2,564	2,548 2/	1,223 4/	1,835 2/
Total Blk. Hrs.	2,644	2,644	2,846 2/	1,508 4/	2,263 2/
PGA-PHX ASMs	8,536,833	8,536,833	8,472,195	5,646,591	8,472,195
PGA-CNY ASMs	2,132,845	2,132,845	2,126,879	0	0
Total ASMs	10,669,678	10,669,678	10,599,074 2/	5,646,591 4/	8,472,195 2/
PGA-PHX Pax.	12,000	4,040	6,380	5,250	8,000
PGA-DEN Pax.	2,000	1,241	1,559	0	0
CNY-PHX Pax.	500	312	550	0	0
Total pax.	14,500	5,593	8,489	5,250	8,000
RPMs	3,996,000	1,652,560	2,456,300	1,275,750	1,944,000
PGA-PHX Rev.	$1,128,000	$379,760	$599,720	$493,500	$752,000
PGA-DEN Rev.	$220,000	$136,510	$171,490	0	$0
CNY-PHX Rev.	$48,500	$30,264	$53,350	0	$0
Total Pax. Rev.	$1,396,500	$546,534	$824,560	$493,500	$752,000
Other Revenue	$8,658	$3,389	$5,112	$3,060	$4,662
Total Revenue	$1,405,158	$549,923	$829,672	$496,560	$756,662
Fly. Ops. /hr.	$332,530	$332,530	$424,196	$224,767	$337,300
Hull Insur.	$15,024	$35,089 1/	$37,770	$30,555 5/	$30,555 5/
Fuel & Oil, PGA-PHX	$574,420	$574,420	$574,420	$381,186	$574,420
Fuel & Oil, PGA-CNY	$171,439	$171,439	$171,439	$0	$0
Mechanical				$95,000	$105,000
Maint. /Dep.	$231,273	$231,273	$278,394	$133,625	$200,492
Maint./Hr.	$231,310	$231,310	$276,859	$146,698	$220,145
Lease	$372,643	$372,643	$369,980 3/	$306,000 5/	$306,000 5/
Directs	$1,928,639	$1,948,704	$2,133,058	$1,317,831	$1,773,912
PGA Station	$14,400	$14,400	$14,400	$14,400	$14,400
PGA Ldg Fees	$4,800	$4,800	$4,800	$3,200	$4,800
PGA Deicing	$14,375	$14,375	$14,375	$9,583	$14,375
PGA Marketing	$5,000	$5,000	$5,000	$5,000	$5,000
PGA Station Mgr.	$26,000	$26,000	$26,000	$26,000	$26,000
PGA Station Agent	$41,600	$41,600	$41,600	$41,600	$41,600
PGA Station Total	$106,175	$106,175	$106,175	$99,783	$106,175
RON	$82,340	$82,340	$82,340	$82,340	$82,340
PHX Turn Costs	$115,625	$115,625	$115,625	$97,229 6/	$115,625
DEN Fees @ $7.59/Enpl. Pax.	$7,590	$4,710	$5,916	$0	$0
Liab. Ins.	$10,430	$23,698 1/	$35,223	$18,294	$27,877
Pax. Related @ $10.2535/pax.	$148,676	$57,348	$87,042	$53,831	$82,028
Security @ $.00396/ASM	$0	$42,252	$0	$0	$0
Adm. Per ASM	$131,130	$131,130	$220,461	$117,449	$176,222
Indirects	$601,966	$563,278	$652,782	$468,926	$590,267
Operating	$2,530,605	$2,511,982	$2,785,840	$1,786,757	$2,364,179
Profit @ 5%	$126,530	$125,599	$139,292	$89,338	$118,209
Economic Cost	$2,657,135	$2,637,581	$2,925,132	$1,876,095	$2,482,388
Compensation @ 98%	$1,251,977	$2,087,658	$2,095,460	$1,379,535	$1,725,726

1/ Insurance renewed on October 1, 2001.

2/ PGA-PHX: 36 flights/week*52 weeks*74 min*.98/60 = 2,263 hrs., 1,835 deps*243 miles*19 seats = 8,472,195 ASMs.

CNY-PGA: 14 flights/week*52 weeks*49min*.98/60 = 583 hrs., 713 deps*157 miles*19 seats = 2,126,879 ASMs.

3/ Unlike preceding rates, reflects system average unit costs, which standard we expect Great Lakes to apply in other subisidized markets.

4/ PGA-PHX: 24 flights/week*52 weeks*74 min*.98/60 = 1,508 hrs., 1,223 deps*243 miles*19 seats = 5,646,591 ASMs.

5/ Dedicated aircraft.

6/ PHX Turn costs @ $159/Turn for two round trip pattern

Great Lakes Aviation, Ltd.
Essential Air Service to be Provided to
Moab, Utah, Docket 2827

Effective Period: October 1, 2001, through June 30, 2002
Scheduled Service:
12 nonstop round trips per week to Denver.
Aircraft: 19-seat Beech 1900D aircraft
Subsidy Rate per Flight: $993.71 [1]
Weekly Compensation Ceilings: $23,849.04 [2]

Note:
The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parities to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

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[1] $1,215,305 annual compensation, divided by 1,223 annual flights, calculated as follows:
24 flights/week*52 weeks*.98 completion.

[2] 24 flights per week x $993.71.

Great Lakes Aviation, Ltd.
Essential Air Service to be Provided to
Moab, Utah, Docket 2827

Effective Period: July 1, 2002, until further Department action.
Scheduled Service:
12 nonstop round trips per week to Denver.
Aircraft: 19-seat Beech 1900D aircraft
Subsidy Rate per Flight: $1,099.34 [1]
Weekly Compensation Ceilings:$26,384.16 [2]

Note:
The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

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[1] $1,344,489 annual compensation, divided by 1,223 annual flights, calculated as follows:
24 flights/week*52 weeks*.98 completion.

[2] 24 flights per week x $1,099.34.

Great Lakes Aviation, Inc., Essential Air Service At Moab, Utah, Docket 2827
Annual Basis

	Order 2001-3-20	9-11 Related	Until Further Notrice
To be Effective: 1/	6/7/01-9/30/01	10/1/01-6/30/02	7/1/02---
CNY-DEN Miles	283	283	283
Deps.	1,226	1,226	1,223 1/
Blk. Hrs.	1,646	1,646	1,631 1/
ASMs	6,592,202	6,592,202	6,576,071 1/
Pax.	5,000	1,970	2,850
RPMs	1,415,000	557,510	806,550
Pax. Rev.	$460,000	$218,163	$268,128
Other Rev. @ .62%	$2,852	$1,353	$1,662
Total Rev.	$462,852	$219,516	$269,790
Fly. Ops.	$175,562	$175,562	$243,101
Fly. Ops. , Other	$24,157	$24,157	$0
Hull Insur.	$9,181	$21,842 2/	$21,643
Fuel & Oil	$263,786	$263,786	$278,086
Maint. /dep.	$110,585	$110,585	$133,625
Maint. /hr.	$144,063	$144,063	$158,275
Lease	$227,726	$227,726	$212,030
Directs	$955,060	$967,721	$1,046,760
CNY Station	$4,800	$4,800	
CNY Deicing	$16,750	$16,750	
CNY Marketing	$5,000	$5,000	$5,000
CNY Station Mgr.	$26,000	$26,000	
CNY Station Agent	$41,600	$41,600	$126,888
CNY Station Total	$94,150	$94,150	$131,888
DEN Turn Costs	$161,832	$161,832	$181,200
DEN Fees/pax.	$18,975	$7,476	
Liab. Ins. per RPM	$3,693	$7,995 2/	$11,566
Pax. Related	$51,268	$20,199	$29,213
Security/ASM	$0	$26,105	
Administrative per ASM	$81,018	$81,018	$136,782
Indirects	$410,936	$398,775	$490,649
Operating Expense	$1,365,996	$1,366,496	$1,537,409
Profit @ 5%	$68,300	$68,325	$76,870
Economic Cost	$1,434,296	$1,434,821	$1,614,279
Compensation @ 98%	$971,444	$1,215,305	$1,344,489

1/ 24 flights/week*52weeks*80*.98/60 = 1,631 hrs., 1,223 deps.*283 miles*19 seats = 6,576,071 ASMs.
2/ Insurance renewed on October 1, 2001.

Great Lakes Aviation, Ltd.
Essential Air Service to be Provided to
Vernal, Utah, Docket 2706

Effective Period: October 1, 2001, through June 30, 2002
Scheduled Service:
18 nonstop round trips per week to Denver.
Aircraft: 19-seat Beech 1900D aircraft
Subsidy Rate per Flight: $941.21 [1]
Weekly Compensation Ceilings: Peak Period: $33,883.56 [2]

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parities to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

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[1] $1,727,127 annual compensation, divided by 1,835 annual flights, calculated as follows:
36 flights/week*52 weeks*.98 completion.

[2] 36 flights per week x $941.21.

Great Lakes Aviation, Ltd.
Essential Air Service to be Provided to
Vernal, Utah, Docket 2706

Effective Period: July 1, 2002, until further Department action.
Scheduled Service: 18 nonstop round trips per week to Denver.
Aircraft: 19-seat Beech 1900D aircraft
Subsidy Rate per Flight: $957.04 [1]
Weekly Compensation Ceilings: $34,453.44 [2]

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parities to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

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[1] $1,756,167 annual compensation, divided by 1,835 annual flights, calculated as follows: 36 flights/week*52 weeks*.98 completion.

[2] 36 flights per week x $957.04.

Great Lakes Aviation, Inc., Essential Air Service at Vernal, Utah, Docket 2706, Annual Basis

	Order 2001-3-20	9-11 Related	Until Further Notice
To be Effective:	6/7/01-6/30/02	10/1/01-6/30/02	7/1/02---
VEL-DEN Miles	260	260	260
Deps.	1,840	1,840	1,835 1/
Blk. Hrs.	2,300	2,300	2,323 1/
ASMs	9,089,600	9,089,600	9,064,900 1/
Pax.	9,000	3,685	4,120
RPMs	2,340,000	958,100	1,071,200
Pax. Rev.	$1,035,000	$402,771	$450,316
Other Rev. @ .62%	$6,417	$2,497	$2,792
Total Rev.	$1,041,417	$405,268	$453,108
Fly. Ops.	$245,318	$245,318	$346,243
Fly. Ops., Other	$36,256	$36,256	$0
Hull Insur.	$12,520	$30,521 2/	$30,826
Fuel & Oil	$401,276	$401,276	$348,636
Maint. Per Departure	$165,968	$165,968	$200,492
Maint. Per Hour	$201,206	$201,206	$225,981
Lease	$310,536	$310,536	$301,990 3/
Directs	$1,373,080	$1,391,081	$1,454,168
VEL Station	$10,440	$10,440	
VEL Ldg Fees	$2,300	$2,300	
VEL Deicing	$14,375	$14,375	
VEL Marketing	$5,000	$5,000	$5,000
VEL Station Mgr.	$26,000	$26,000	
VEL Station	$41,600	$41,600	$126,888
VEL Station Total	$99,715	$99,715	$131,888
RON	$82,340	$82,340	
DEN Turn Costs	$242,880	$242,880	$271,874
DEN Fees /pax.	$34,155	$13,985	
Liab. Ins.	$6,107	$15,361 2/	$15,361
Pax. Related	$92,282	$37,784	$42,230
Security @ $.00396/ASM	$0	$35,995	
Administrative Per ASM	$111,711	$111,711	$188,550
Indirects	$669,190	$639,771	$649,903
Operating Expense	$2,042,270	$2,030,852	$2,104,071
Profit @ 5%	$102,114	$101,543	$105,204
Economic Cost	$2,144,384	$2,132,395	$2,209,275
Compensation @ 98%	$1,102,967	$1,727,127	$1,756,167

1/ VEL-DEN: 36 flights*52 weeks*76min.*.98/60 = 2,323 hrs., 1,835 deps.*260 miles*19 seats = 9,064,900 ASMs.
2/ Insurance renewed on October 1, 2001.